

Message Text

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ACTION SS-15

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TO SECSTATE WASH DC IMMEDIATE 6567

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S T A D I S//////////

FOR ROBINSON

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: OECD MINISTERIAL: POSSIBLE DECLARATION ON
RAW MATERIALS

REFS: A) LONDON 5454; B)OECD PARIS 9331; C) LONDON 4364

1. SUMMARY. SECGEN VAN LENNEP HAS INDICATED TO UNDER SECRETARY ROBINSON THAT UK IS PUSHING FOR DECLARATION OF INTENT ON COMMODITIES AS ONE OUTCOME OF COMING OECD MINISTERIAL AND THAT SECRETARIAT INTENDS TO BEGIN DRAFTING SUCH DECLARATION WHICH MIGHT BE VETTED FIRST BY MAY 6-7 XCSS MEETING. MISSION URGES DEPT CONSIDER WHAT US MIGHT BE ABLE TO AGREE TO IN THIS REGARD, TAKING INTO ACCOUNT 1974 MINISTERIAL COMMUNIQUE AND RECENT OECD WORK, AND AUTHORIZE US TO CONVEY US VIEWS TO SECRETARY GENERAL AS SOON AS POSSIBLE. END SUMMARY

2. IN MEETING WITH UNDER SECRETARY ROBINSON APRIL 11, SECGEN VAN LENNEP SAID THAT THE UK WAS STRONGLY INTERESTED IN HAVING THE COMING OECD MINISTERIAL AGREE ON A DECLARATION OF INTENT ON RAW MATERIALS PROBLEMS. UK FELT STRONGLY THAT SOMETHING SHOULD BE DONE IN THIS
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AREA, BASICALLY FOR POLITICAL REASONS. VAN LENNEP SAID

SECRETARIAT WOULD BE TRYING ITS HAND AT DRAFTING POSSIBLE MINISTERIAL DECLARATION (PRESUMABLY FOR CONSIDERATION AT MAY 6-7 XCSS). UNDER SECRETARY ROBINSON INDICATED HE HAD SOME DOUBTS THAT THE OECD WAS THE RIGHT PLACE TO LAUNCH A SPECIFIC INITIATIVE ON RAW MATERIALS. VAN LENNEP AGREED WITH THIS ON GROUNDS THAT ANY SPECIFIC PROPOSAL PUBLICLY LAUNCHED IN OECD WOULD GIVE IMPRESSION INDUSTRIALIZED COUNTRIES WERE SEEKING TO ARRANGE COMMODITY PROBLEM IN THEIR OWN INTERESTS. BOTH VAN LENNEP AND ROBINSON AGREED, HOWEVER, THAT OECD WAS FORUM FOR INDUSTRIALIZED COUNTRIES TO ELABORATE A COMMON UNDERSTANDING OF THE PROBLEM AND POSSIBLY LATER A COMMON APPROACH TO POLICY TO DEAL CONSTRUCTIVELY WITH PROBLEMS IN COOPERATION WITH LDC'S. VAN LENNEP THOUGHT OECD MINISTERS MEETING, HOWEVER, SHOULD STATE PUBLICLY INTENTION OF THIS GROUP OF COUNTRIES TO DEAL WITH PROBLEM. ROBINSON AGREED BUT HAD RESERVATIONS ABOUT SOME OF THE THINGS WHICH HE BELIEVED THE UK HAD IN MIND FOR A DECLARATION (BASED ON HIS QUICK READING OF MAITLAND'S POINTS SET OUT IN REF A). HE SAID HE SAW A CERTAIN DANGER THAT SUCH AN ENTERPRISE COULD BECOME CONFRONTATIONAL AND COUNTER-PRODUCTIVE IN ACTUALLY RESOLVING RAW MATERIALS PROBLEMS.

3. OUTCOME OF RECENT EXPERTS' TASK FORCE EFFORT FOR XCSS (REF B) REMAINS UNCERTAIN, SINCE IT IS UNCLEAR TO WHAT EXTENT SECRETARIAT WILL INCORPORATE EXPERTS' VIEWS IN FINAL PAPER OR WILL IN FACT DEVIATE FROM PATH OF ESSENTIALLY PROVIDING RATIONALE FOR VAN LENNEP'S EMERGENCY STOCKPILE IDEA PRESENTED AT LAST XCSS. WHILE SECRETARIAT IS WORKING ON POSSIBLE DECLARATION, WE DO NOT KNOW WHAT TACK THEY WILL TAKE. WE WILL CONTINUE TO MAINTAIN CLOSE TOUCH WITH SECRETARIAT AND OTHER KEY DELS AND INFORM W/ASHINGTON OF STATE OF PREPARATIONS HERE.

4. MISSION COMMENT: DEPARTMENT WILL RECALL THAT AT 1974 MINISTERIAL, MINISTERS AGREED OECD "SHOULD SEEK TO IDENTIFY POLICIES CONDUCIVE TO BETTER MARKET STABILITY OF PRIMARY PRODUCTS WITH ADEQUATE SUPPLIES AT PRICES LIMITED OFFICIAL USE

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EQUITABLE BOTH FOR PRODUCING AND CONSUMING COUNTRIES". LOGICAL FURTHER STEP WOULD APPEAR TO BE TO REACH AGREEMENT ON PRINCIPLES ON WHICH SUCH POLICIES MIGHT BE BASED, RATHER THAN ENDORSE SPECIFIC TECHNIQUES OR SOLUTIONS. SUCH A DECLARATION MIGHT BEAR SOME RESEMBLANCE TO "PRINCIPLES" PART OF WHAT UK IS CONSIDERING FOR KINGSTON MEETING (REF A). EASED ON OUR EXPERIENCE WITH WORK DONE ON THIS SUBJECT IN TRADE COMMITTEE AND XCSS, THE FOLLOW-

ING ARE AMONG RECURRENT THEMES, SOME OF WHICH COULD FORM
BASIS FOR AGREED PRINCIPLES: CONSUMER-PRODUCER COOPERATION, SECURITY

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OF SUPPLIES AT: REASONABLE PRICES, SECURITY OF MARKET ACCESS AT
REMUNERATIVE PRICES, EQUITABLE BURDEN SHARING DURING
PERIODS OF SHORTAGES AND SURPLUS, FAIR BALANCE OF RIGHTS
AND OBLIGATIONS BETWEEN MNC'S AND HOST COUNTRIES, ECONO-
MIC LOCATION OF PROCESSING, AND STABILITY OF PRICES AND
PRODUCTION CONSISTENT WITH LONG-TERM SUPPLY/
DEMAND EQUILIBRIUM.

5. BEYOND QUESTION OF THE SUBSTANTIVE STATEMENT THAT
MIGHT GO INTO A DECLARATION ON COMMODITIES (WHICH MAY T
TAKE THE FORM OF PARAGRAPHS IN MINISTERIAL COMMUNIQUE)
THERE IS THE QUESTION OF THE POSTURE OECD COUNTRIES
SHOULD ADOPT IN A DECLARATION OR MINISTERIAL COMMUNIQUE
VIS A VIS THE LDC COMMODITY PRODUCERS IN THE WAKE OF THE
PREPCON STALEMATE AND ON THE EVE OF THE UN SPECIAL
SESSION.

6. FROM THIS MISSION'S VANTAGE POINT A PRIMARY
OBJECTIVE OF THE U.S. SHOULD BE TO ESTABLISH THE KIND OF
UNITY OF THE INDUSTRIALIZED COUNTRIES IN WORKING OUT A
COMMON APPROACH TO COMMODITY PROBLEMS AS WAS FORGED

IN THE IEA ON ENERGY. TO FORGE THIS KIND OF UNITY WILL
CBVIOUSLY REQUIRE PROCEDURAL INNOVATION, SAY A SENIOR
WORKING PARTY TO SIT CONTINUOUSLY AND HAMMER OUT KEY
ELEMENTS OF A STRATEGY. THE XCSS MAY 5-6 MEETING IS A
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KEY OPPORTUNITY TO PREPARE FOR MINISTERIAL AGREEMENT.
BUT EVEN PROCEDURAL PROPOSALS TO BE LAUNCHED AT XCSS
WILL REQUIRE PREPARATION WITH THE SECRETARIAT AND IN KEY
CAPITALS. MISSION THEREFORE URGES US MAKE ITS VIEWS
CLEAR TO VAN LENNEP (AND POSSIBLY TO UK AS WELL) AT
EARLIEST POSSIBLE TIME.
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